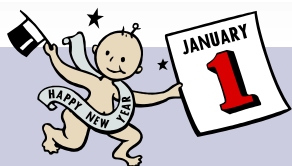




Committed to the future of rural communities.

ILLINOIS GUARANTEED NEWSLETTER

Dec/Jan
2006



Happy NEW APPRAISAL Year!

January 1, 2006 is the date for all appraisals submitted to Rural Development to comply with new Fannie Mae and Freddie Mac forms. Once again here is a list of the acceptable appraisal forms:

- **The URAR: FNMA Form1004/ FHLMC Form 70**

The revised form must include a cost approach and 3 comparable sales. The new revision excludes information on manufactured homes and condominiums.

- **The Manufactured Home Appraisal Report and Addendum**

FNMA Form 1004C/FHLMC Form 70B has been combined into one appraisal report for use only on NEW manufactured homes. Rural Development guarantees only NEW manufactured homes built by an approved dealer-contractor.

- **The Individual Condominium Unit Appraisal Report**

FNMA Form 1073/FHLMC Form 465 has been revised; this property type is no longer indicated on the URAR. The revised form excludes exterior inspections. Appraisals with interior inspections for condominiums should be completed on this form. **Again, a cost approach is NOT optional.**

- **The Appraisal Update and/Or Completion Report**

FNMA Form 1004D/FHLMC Form 442 has been revised. It now includes sections for property information, the summary appraisal update, the certification of completion, and signatures. This form should also include photographs when applicable.

The following appraisal forms are NOT accepted by Rural Development for loan originations:

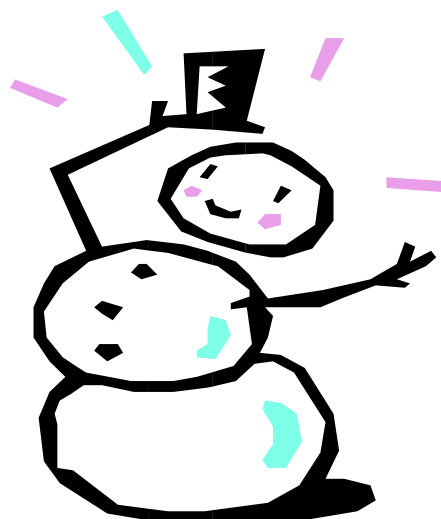
- **The Exterior-Only Inspection Individual Condominium Unit Appraisal Report (New FNMA Form 1075/FHLMC Form 466)**
- **The Exterior-Only Inspection Residential Appraisal Report (New FNMA Form 2055/FHLMC Form 2055)**
- **The Desktop Underwriter Quantitative Analysis Appraisal Report (Old FNMA Form 2055)**

To review a notated copy of the new URAR appraisal LOG ON:

www.rurdev.usda.gov/il/grh.htm

“Decoding the URAR” is available under the “Lenders” tab. This booklet is only to help you navigate the new form and alert you to where inspection notations may be made. Homebuyers are still encouraged to pay for a state licensed home inspection if they wish to view a full inspection report.

RURAL DEVELOPMENT WILL LET YOU KNOW IF ANY REPAIRS ARE NECESSARY.





No VC SHEET?!?!? Now what??

Once HUD retires the VC Sheet, life will still go on and loans will still be made.

The VC Sheet inspection has been **merged** into the URAR. Please read "Decoding the URAR". You will notice what items the inspector is looking for when conducting this bare bones review, as well as where possible repairs or problems may be noted.

Once RD receives the appraisal we will let you know if any repairs are necessary. The inspector may note 6 items, but RD may only require 1 to be completed. Rural Development's inspection process is very easy and uncomplicated.

Rural Development is seeking to ensure that we are not putting a homeowner in a dangerous situation including both bodily harm, or financial jeopardy.

- Smoking furnaces/Irregular odors emitted
- A/C units with holes in the system
- Septic systems that resemble in-ground pools
- Crumbling/Eroded foundations

- Inaccessible crawlspaces: How are you supposed to fix plumbing, etc?
- Flooded basements
- No gutters: A major contributor to the above listed nuisance
- Rotting/Leaking roof

These are just a few items that would make any homeowner cringe. These repairs are not cheap or convenient.

THE GOOD NEWS!

The appraiser can estimate an "**As-Improved**" value thereby allowing the cost of the repair to be rolled into the loan. The loan will close and the repair can be remedied after the closing.



No other loan program allows the cost of repairs to be included!

EVERYONE SHOULD BE HAPPY!

- No hold ups on loan closings
- All major repairs are made
- Homeowner is happy that a major repair has just been identified and alleviated.

ATTENTION: Potential homebuyers have every right to carefully examine the systems and structure of their potential new home. A home inspection is a smart investment to protect against expensive repairs, and to be aware of suggested maintenance.

Rural Development is happy to review state licensed inspections submitted by borrowers to review for RD minimum standards.

100% Guaranteed Financing: Simply the BEST!

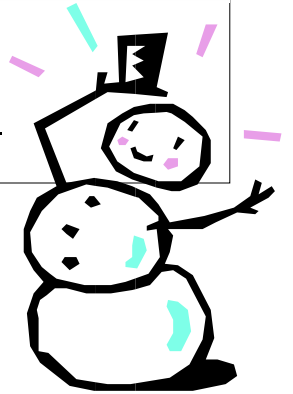
- No downpayment necessary
- No monthly mortgage insurance
- No maximum purchase price
- 30 year fixed rates
- Expanded qualifying ratios
- Not FICO driven: Non-traditional credit accepted
- EASY inspection
- NOT just for first time buyers
- Clients work with participating lender of their choice!





New FHA loan limits increase.....

Rural Development has **NO MAXIMUM PURCHASE PRICE!**



Q: Do the new increased FHA loan limits offer clients any advantages?

A: NO!

FHA loan limit: \$200,160 So a client can purchase a home around \$203,000 and not exceed the maximum loan limit.

6% interest rate, estimated real estate taxes \$338.33 per month, estimated home insurance: \$66.67 per month.

FHA:

Downpayment: \$6,090

UFMIP: \$2,953.65 (rolled into loan)

Monthly PMI: \$83.28

Payment: \$1,686.56

100% Rural Development:

Downpayment: Zero

2% Guarantee Fee: \$4,060 (rolled into loan)

Monthly PMI: Zero

Payment: \$1,646.43

By selecting 100% Guaranteed financing:

- Lower monthly payment
- Over \$6,000 stays with the client for debt reduction, furniture, investment opportunities, or principle reduction on loan
- TAX TIME IS COMING! Client should seek CPA advice on deducting the guarantee fee from taxes! PMI is NEVER tax deductible!
- Guarantee fee may be paid by borrower at closing lowering payment to: \$1,622.09. A monthly savings of \$64.47!

OFFER YOUR CLIENTS MORE BENEFITS!

THINK RD FIRST!

Illinois: Still holding at #1!

More lenders and real estate professionals are recognizing the benefits and ease of 100% Guaranteed financing!

Illinois Rural Development thanks you for choosing to work with us. We will continue to provide the best service possible to meet your needs. Our 16 local offices are proud to partner with you in our quest to deliver the best affordable housing option!





Committed to the future of rural communities.



**Illinois
Rural Development
wishes you a
safe and
Happy New Year
2006!**